

Farm Policy Considerations for WOOL

DEPARTMENT OF AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY / COOPERATIVE EXTENSION SERVICE / THE OHIO STATE UNIVERSITY

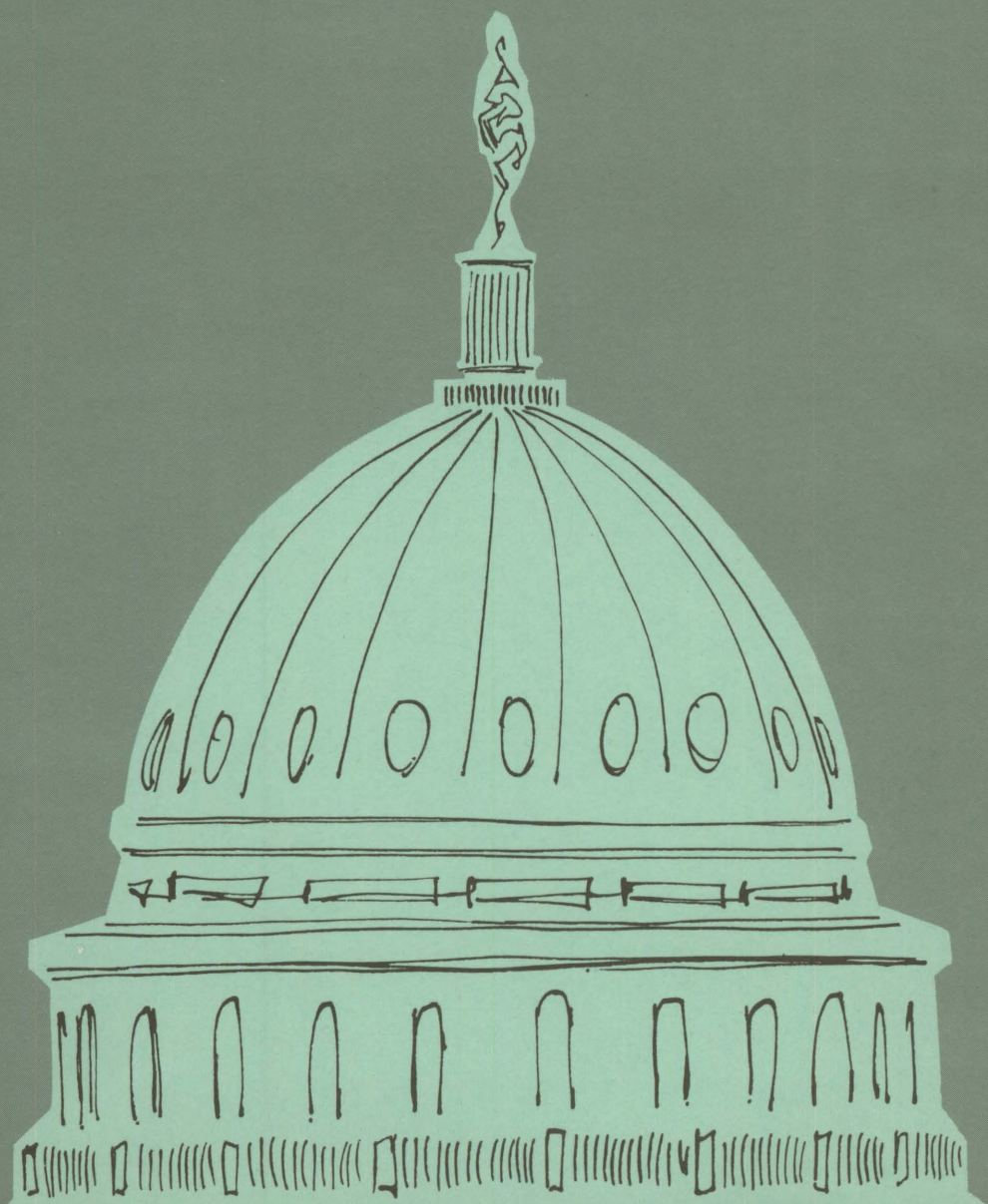


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This publication is one of a series of four prepared by staff members of the College of Agriculture of The Ohio State University. The other leaflets are entitled: 1) Farm Policy Consideration for Dairy, 2) Farm Policy Considerations for Feed Grains and Wheat and 3) Farm Policy Considerations for the Low Income.

465/3M

The Ohio State University cooperating with the U. S. Department of Agriculture, Cooperative Extension Service, Roy M. Kottman, Director, Columbus, Ohio 43210.
Distributed in furtherance of Acts of May 8 and June 30, 1914.

FARM POLICY CONSIDERATIONS FOR WOOL*

by

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There has been a general decline in the sheep industry that has lasted many years notwithstanding legislation intended to bolster the industry. In general, there are a number of warning signals in the sheep industry that bear upon the wool situation. They include:

1. The declining proportional use of lamb versus other meats.
2. The declining proportional use of wool versus expanding production and use of man-made fibers.
3. Rising production costs.
4. The increasing competition for land use from higher return farm alternatives (beef) and possibly forestry and recreation.
5. The potential for development of synthetic foods and fibers.

The wool program has been one of the most acceptable government programs. However, some conditions have emerged in the wool industry that require a new look at the wool program. They include (1) the accumulation of funds set aside for producer payments, (2) the failure to accomplish the stated objective of 300,000,000 pounds of domestic shorn wool, and (3) the higher price of wool compared to other fibers has reduced wool consumption.

RESUME OF NATIONAL WOOL ACT

Objective

National policy, as contained in the Wool Act of 1954, as amended, is "to encourage a yearly domestic production of approximately 300 mil. pounds of shorn grease wool as a measure of national security and to promote the general economic welfare."

Methods

To accomplish the above objective, the Act authorized loans, purchases, and payments. The incentive payment may be up to 110 per cent of parity if less than 300,000,000 pounds of wool are produced. However, if the goal of 300,000,000 pounds of wool is attained, the support level must be in the 60-90 per cent of parity range to encourage the annual production of 360,000,000 pounds of shorn wool. Pulled wool must be price supported at a relationship to shorn wool which will maintain normal marketing practices. Mohair must be supported in the same manner as shorn wool, except that the level of price support may not deviate more than 15 per cent from the comparable percentage of parity price at which shorn wool is supported.

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Producer groups are to be consulted prior to setting the next year's incentive level. The incentive level is to take into consideration prices paid and other cost conditions. The incentive payments made to producers are related to the wool tariff. Total annual payments made may not exceed 70 per cent of the specific duties collected on imports of wool and wool manufactures.

The Act authorized an industry self-help feature to develop and conduct advertising and sales promotion programs for sheep commodities and products. The Secretary can enter into agreements with, or approve agreements between marketing cooperatives, trade associations, or others engaged in the handling of wool, mohair, or sheep. Provisions provide for obtaining funds necessary through pro-rata deductions from producer payments, with the approval of at least two-thirds of the producers of at least two-thirds of the volume in the benefiting area.

WOOL SITUATION FOR LEGISLATIVE CONSIDERATION

Domestic Production of Raw Wool at Low Levels

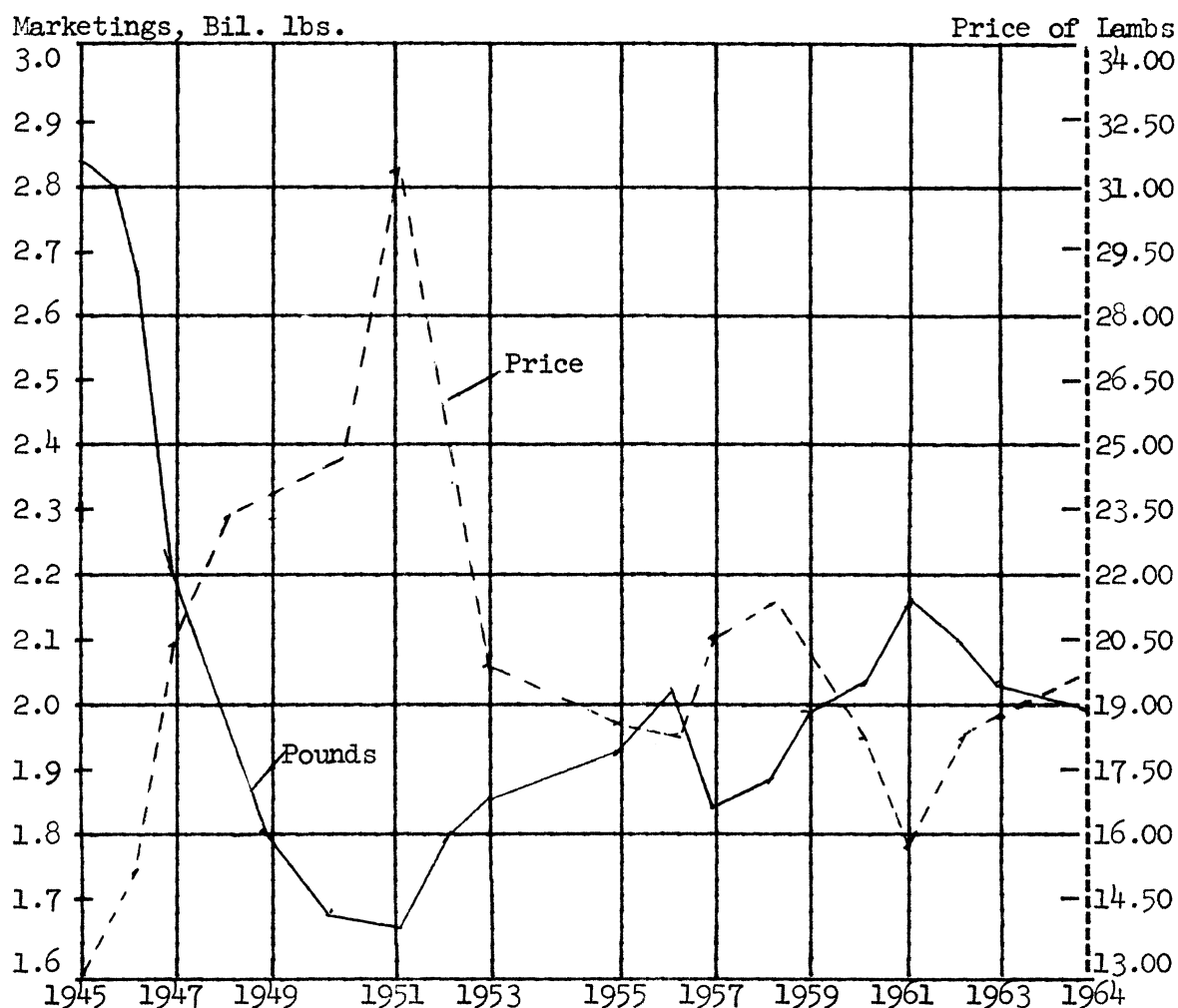
Decreases in total wool output in the U. S. have occurred since 1960. Production of shorn and pulled wool in the U. S. during 1964 was 270 million pounds--the smallest output since 1950 (see Table 1). Shorn wool production in 1964 was 220 million pounds--the smallest since 1954. Starting from 1950, the peak output of shorn wool was attained in 1960 with 265 million pounds.

Stock sheep numbers were 23.3 million head January 1, 1965--a decline from 28.8 million head in 1960 (see Table 1). The 23.3 million head is the lowest number of stock sheep since the 1850's. The liquidation and slaughter of sheep and lambs has been primarily due to relatively low lamb prices and increasing costs of production resulting in reduced net income. Producers may have shifted to other types of livestock (primarily beef) and to crop production. Some land producing lamb and wool may have been shifted to other uses like forestry or recreation.

Continued declines in stock sheep are expected until numbers decline to near the 23 million level as the low point in the current cycle. Some cyclical expansion can be expected in the years ahead due to improved lamb prices. The next high point in the sheep cycle may be near the 28 million head level.

Potential increases in the total demand for lamb and wool exists as population and income increase. George Brandow indicates the annual absolute increase in lamb consumption over time is 0.11 per cent per year. However, lamb consumption has declined from 5 per cent of the total meat intake in the mid-1940's to 3 per cent of total meat consumed in 1963. Intensive competition from beef and poultry meats played a major role in the decline. Lamb consumption and demand becomes important to wool production since about 70 per cent of the producers' returns are from lamb production. At one time wool was the major source of revenue to sheep producers.

Chart I. Marketings of Sheep & Lambs & Price of Lambs in U.S., 1945-1964



Note: Numbers of sheep marketed averaged 22.74 million head of which 19.08 million were lambs.

Source: Meat Animals, Farm Production, Dispositions and Income, ERS, USDA.

In general, relationships of lamb prices to the cyclical patterns of sheep numbers can be noted in Table I and Chart I. When sheep numbers reached the 28 million head level in 1959, lower lamb prices resulted and consequently some flock liquidation occurred.

World Wool Output to Increase

World wool production at 3,372 million pounds is at a record level on a clean content basis in 1964 (see Table 2) with prospects for further increases. Prospects are for slow increases in sheep numbers in the world at about one per cent per year and by 1970 will total more than one billion head. This expansion will likely occur in Oceania, Soviet Union, Africa, South America, and possibly in Asia.

World wool consumption in 1964 will decline slightly from the record level of 1963, but will be near the higher levels of the last 5

years (see Table 2). The absolute quantity of wool used is expected to increase in the world in the years ahead. However, wool's share of total fiber usage in the world has been declining. Man-made fibers have been substituting for both wool and cotton.

Large Quantities of Wool Are Imported

The quantity of raw wool imported since 1954 has varied from a low of 152 million pounds in 1958 to a high of 280 million pounds in 1962. Raw wool imports in recent years have increased as sheep numbers and wool output declined.

The U. S. is a deficit producer of raw wool (See Table 1). Nearly all the wool used in rugs and carpets is imported with about two-thirds coming from New Zealand and Argentina. The U. K. and Middle East countries supply the remainder. Apparel wool imports amount to one-third to one-half of U. S. consumption. The largest suppliers are Australia, South Africa, New Zealand, Uruguay, and Argentina.

It should be noted that imports of raw wool are necessary to the domestic textile industry. At present U. S. growers are producing only about 40 per cent of all domestic needs. Manufacturers make up the balance of their needs through such imports. These imports pay for the wool program.

In addition to being dependent for raw wool from other countries, imports of wool textile products are becoming increasingly important in U. S. consumption (see Table 1). The quantity of wool utilized in imported manufacturers (279 million pounds, greasy basis in 1963) has trended upward since 1950 and is about 2.5 times larger in 1962 and 1963 than 1950.

However, when finished wool piece goods or garments are imported into this country, domestic mills and cutters are directly affected. In addition, wool's competition is twofold--man-made fibers and imported finished piece goods or garments.

Consumption of Wool Declining While Man-Made Fibers Increase

From 1958 through 1962, total domestic textile fiber consumption has risen from 6,179 million pounds to 7,093 million pounds, or an increase of 14.8 per cent. In this same period the absolute increase in cotton has been 3.8 per cent; wool, 8.6 per cent; and man-made fibers, 37.8 per cent. But by taking the three fibers we see the following trend in the market share for each fiber from 1958 to 1962.

	Share		Change in Share of Market
	1958	1962	
Cotton	64.2%	59.2%	-5.0%
Wool	8.3%	7.8%	-0.5%
Man-Made	27.5%	33.0%	+5.5%
	100.0%	100.0%	

Source: Textile Organon, December, 1963.

Man-made fibers have been substituting for both apparel wool and cotton and now amount to about 14 pounds per person compared to about 9 pounds in the early 1950's (see Table 3). Total mill consumption of both apparel and carpet wool will likely be 2.0 pounds per person in 1964--down from the 3.5 pounds in the early 1950's. Apparel wool use is currently estimated to be about 1.2 pounds per person compared to about 3 pounds in 1950. Mill use of carpet wool, after relatively low use in the 1950's, regained much of the total and per capita use in the early 1960's. However, 1964 saw a substantial drop in usage of carpet wool because of higher prices and substitution of other fibers. There has been a significant shift to the use of lower grade wool.

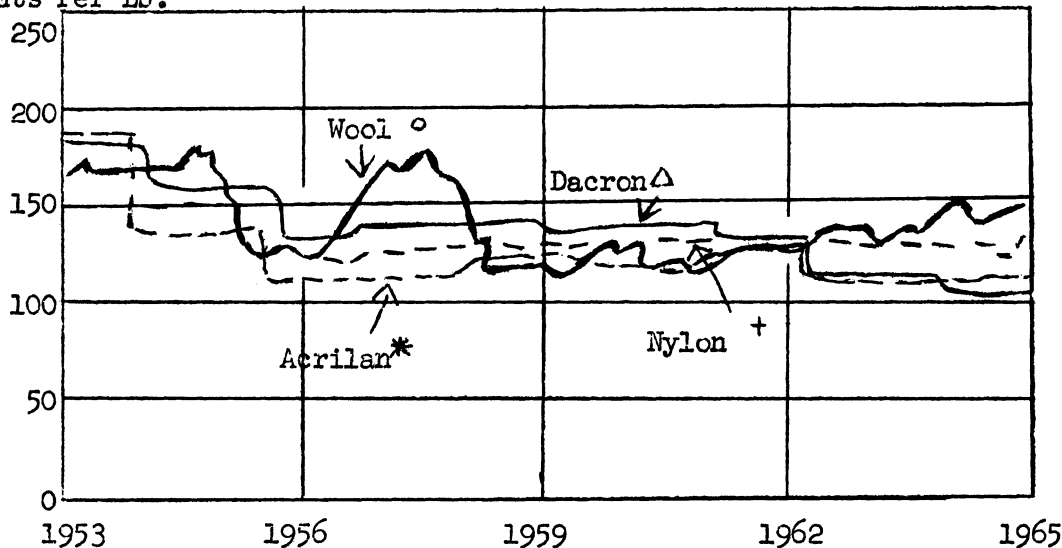
Domestic Wool Prices Increased in 1964

The average market price for shorn wool (grease basis) received by U. S. producers for 1964 averaged 53.2 cents (see Table 4). This will be the highest market price received since 1957 and near the higher price levels in the early 1950's, excluding the exceptional 1951 year. Wool prices in 1965 will be down due to larger world supplies and lower world use.

Support prices for shorn wool have been at 62 cents per pound each year since 1955 when the National Wool Act became effective. The percentage payment rate formula provided in the Wool Act for shorn wool has fluctuated between 15 and 70 per cent, but has been in the 40 to 50 per cent range much of the time (see Table 4). The incentive payment rate is currently trending downward as wool prices increase.

Chart II. Prices of Selected Man-Made Fibers and Wool

Cents Per Lb.



○ Graded territory shorn wool, fine good French combing and staple, at Boston; △ polyester staple and tow, 3 denier; + staple and two, 3 & 6 denier; * staple, 3 denier.

Source: Wool Situation, ERS, USDA, October 1964.

Wool prices have been higher than man-made fibers since 1962 as shown in Chart II. This leads to substitution of the lower cost product (man-made fibers) for the high cost fibers (wool). Continuing competitive pressure from man-made fibers can be expected as technology and volume output lowers unit costs of production of these fibers.

Although the major high quality cutters have a strong position in wool, the important volume cutters who consume the most poundage are opportunist by necessity as much as design. As a result they are not necessarily "married" to wool. Price is their key measurement. While the price of wool has fluctuated due to many factors, the man-made fibers have shown remarkable stability. Their predictable prices assure mill operators a high degree of confidence when dealing with such fibers.

Wool Product Innovations Help

There have been a number of significant improvements in recent years which should aid wool in its future competition with the man-made fibers. For instance:

1. Permanent Creasing--a process that makes creases and pleats permanent so that they will not wash out and can compete directly with the claim of crease retention made by synthetics.
2. Moth-Proofing--an answer to the problem long associated closely with wool.
3. Stretch wool--that permits just the right amount of "give" around the shoulders, etc., for greater comfort.
4. Machine-washable and dryable wool--reducing maintenance costs.
5. Sheer wool--for lighter apparel.
6. Stain resistant--reducing inconvenience and maintenance costs.
7. Wool laminates--to compete with man-made laminates.

Wool Payments Under the Program

Total payments to producers for wool have averaged \$49.6 million and varied from \$16.1 million to \$85.1 million from 1955 through 1963 (see Table 5). This variation is due to the wool price support formula in which an amount equal to the difference between the average annual market price and the incentive price is reimbursed to farmers. The mohair support price has varied within the limits established by the legislation. However, in only 1962 has the market price of mohair been below the announced support price. This required a support payment of \$797,000. Much of the U. S. produced mohair is exported.

Total support payments have tended to decline in recent years as the price of wool increased. The total payment in 1963 and 1964 at \$27 and \$36 million respectively are corrected for changes in marketing years. However, they are lower than any year since the beginning of the program except 1957. The payment for 1965 was projected at \$42 million; however, this may be lower than the \$42 million indicated. The amount to be paid is dependent upon production, use, and prices in the U. S. and world.

Duty Collections on Wool Imports Pay for Wool Program

According to the Wool Act of 1954, 70 per cent of the duties collected on the dutiable imports are set aside for payment in the National Wool Act. The quantity of dutiable imports has ranged from 67 million pounds to 126 million and has averaged 95.7 million pounds since 1955 (see Table 5). Dutiable imports have amounted to 40.4 per cent of total imports. The duties collected annually for the wool program have averaged \$63.3 million since 1955 with a tendency to increase in recent years as imports increased.

Duty collections on raw wool and manufacturers have exceeded the payments made to producers in all years except 1955, 1956, and 1958. This has resulted in a substantial accumulation of over \$225.3 million in 1963 with a projected carryover of \$307.5 million at the end of 1965 (see Table 6).

Duty Collections Exceed Program Costs and Payments

Complete program costs including payments to farmers, administrative expenses, and interest on accounts receivable are shown in Table 7. Payments to producers have averaged \$49.6 million through 1963. Administrative expenses have amounted to an average of \$2.8 million annually through 1963 or slightly over 4.2 per cent of the average duty collections. Interest on accounts receivable has averaged \$2.5 million. The average annual margin between payments to producers (\$49.6 million) and annual duty collections (\$63.3 million) is \$13.7 million.

ALTERNATIVE ADJUSTMENTS IN THE WOOL PROGRAM

Alternative courses of action for wool appear to fall into two broad classifications--legislative and administrative actions.

In the legislative arena there are two choices. They are:

- I. Extend the present wool act in its present form.
- II. Modify the present program with a reduction in tariff rates on imported wool.

Options available within the present program that could be handled by administrative action or could be incorporated into legislation include:

- III. Increase the producer incentive payment level.
- IV. Increase the check-off to encourage self-help through education, research and promotion.

Objectives of Wool Policy

The primary objective of wool policy as stated in the Wool Act of 1954 was to "encourage the production 300,000,000 pounds of shorn wool annually."

Additional objectives for wool price policy include:

1. To maintain or improve incomes of sheep producers.
2. To maintain reasonable costs to government.
3. To be acceptable to a majority of interests in the wool and textile industry.

CONSEQUENCES OF ALTERNATIVE SOLUTIONS

PROGRAM I - Extend the Wool Act in Its Present Form. (Legislative Action)

Income - The wool program has increased producers' gross receipts an average of \$49.6 million annually since inauguration of the program through the incentive wool payment. In addition, price certainty on wool has been assured thus reducing risks. However, the combined gross receipts from lamb and wool have not been sufficient to prevent a long-term decline in sheep numbers. Alternative opportunities have been more attractive. The fact that money set aside for payment has not been distributed to producers is a major criticism.

Costs - Direct costs to government or taxpayers are non-existent or extremely small since producers are paid from duties collected on dutiable wool imports. However, the costs to consumers are substantial. Total duties collected on wool and wool products have amounted to about \$90.4 million annually. This consumer cost is reflected in the purchase price of wool products.

Social costs in terms of labor employment in textile mills probably has not been affected from the wool program per se. The effects on textile mill employment is from tariff rates or from imports of foreign textile mills as a result of lower cost of production. This enables foreign manufacturers to furnish the U. S. market, even after payments of duties, at lower prices than domestic mills. Substantial increases in imported manufactured woolen products has occurred.

Acceptability - The current program for wool has been one of the most acceptable government programs from a producer point of view and is highly acceptable to woolen mills as compared to the wool storage program. Very little criticism is directed toward the objectives or methods utilized. Evidence is the continued approval by producers of the support level and check off. The existence of free choice in production decisions is one of the major reasons for its acceptability. Another major reason for its acceptability is that the costs do not come from taxpayer sources directly, but indirectly in the purchase price of the product.

The textile industry has been able to purchase domestic wool for manufacturing purposes at the going domestic market price. This freedom of choice has been a major factor in the small amount of criticism of the program from this source.

Efficiency - Adjustments in resource use in agriculture are not hindered by the wool program. Cyclical changes in sheep numbers are evidence. Technological developments have not been as rapid as in other livestock enterprises. This may have reduced efficiency in the sheep industry relative to other enterprises and placed sheep production at a competitive disadvantage.

Other Considerations - Loop holes in tariff schedules permit some manufactured woolen products--such as woolen bolts, to enter the U. S. duty free. By sewing lace on the edges of the bolts which is discarded by woolen processors, the woolen bolt is admitted duty free. The current program has never attained its stated objective of encouraging 300,000,000 pounds of shorn wool.

PROGRAM II - Extend the Present Program with Modifications Including Lower Tariff Rates on Wool Imports. (Legislative action)

To some people tariffs appear to have been detrimental to the long term competitive position of wool. Tariffs probably have (a) encouraged synthetic fiber manufacturers to develop products that can be marketed at lower prices and provides attractive profit opportunities, (b) reduced the competitive position of domestic mills by increasing the cost of their raw materials and (c) tended to perpetuate poor domestic wool production and preparation practices by protection against foreign imports.

The principal objective of this proposal would be to provide a starting point for program consideration if tariff negotiations or other action reduces wool tariffs. Another objective would be to maintain producers' income from wool at the current level.

The current program would be extended with amendments as explained below. Tariff rates on shorn wool grease or washed basis for wool not sorted is 25.5 cents per clean pound; sorted, 26.25 cents per clean pound; on scoured wool, 27.75 cents per clean pound; and carbonized wool, 33 cents per pound. We will assume a 40 per cent reduction in tariff rates recognizing some other rate might be negotiated. A 40 per cent reduction in tariff rates on raw wool grease basis not sorted would mean 10 cents per pound less cost to mills and reduced revenues to pay for the program.

To accomplish the above without impairing domestic sheep producers income, a larger incentive payment would be necessary. The money for this purpose could come from (1) increasing the 70 per cent collected from dutiable imports set aside for wool payments to a higher level or (2) utilize the \$307.5 million projected accumulation for payments to producers or (3) combination of the two foregoing means.

Income - The incentive payment to producers would need to be increased to maintain the present income level from wool. Wool prices in the last decade have averaged about 42 cents per pound and payments to producers

through 1964 have averaged 20.0 cents per pound. With this proposal, we could expect payments to average about 30 cents per pound in the next ten years, to maintain the present 62 cent price of wool and maintain producers' gross receipts from wool.

Costs - Direct costs to government or taxpayers would not be affected. With a 10 cent per pound reduction, annual collections would decline by \$25.3 million annually. Thus tariff collections would average near the \$39.3 million level in the years ahead instead of the \$63.3 million of the past. This assumes that raw wool imports remain at their current level. It would be expected that the quantity of raw wool imported would increase partially offsetting the tariff reduction. Closing the "loop holes" in manufactured woolen product tariff rates could also partially offset this revenue loss.

U. S. shorn wool marketings have averaged 246.5 million pounds and pulled wool has averaged 53.8 million in the period 1955-64. Prospects are that the quantity of wool produced in the next ten years will not exceed the average of the last ten years. A 10 cent increase in the incentive payment on shorn wool would increase payments an average of \$24.6 million. Including the pulled wool payments in the same proportion as the past would increase total payments to \$29.6 million. Thus future annual producer payments would average \$79.2 million.

With tariff collections reduced to a conservative \$39.3 million and total payments to producers averaging \$79.2 million, an amount near \$40 million is needed to pay for the increased program payments. The accumulations of \$307.5 million plus collections would provide sufficient funds for seven years with \$27 million remaining at the end of the period. If raw wool imports increase and "loop holes" are tightened, the annual tariff collections would increase reducing the amount needed from past accumulations and extending the life of the fund.

If 100 per cent of the duties were set aside for wool payment, with tariff rates reduced 40 per cent, and with the past rate of imports there would be about \$54.2 million available annually for the wool payment. In this case, depletion of the accumulation could be made at the rate of \$25 million annually. This would provide sufficient funds for the next 11.2 years. This is a sufficient period of time for appraisal or readjustment in the program.

Acceptability - Sheep producers probably would accept this proposal so long as (1) their total receipts from wool were maintained at the current level, (2) tariff collections and past accumulations continued to meet the program costs, and (3) the long, time down trend in wool fiber utilization were halted or reversed. Producer objections would arise from concerns about the program when the funds were depleted and reduced payments or as other sources of funds became necessary.

The mill industry should favor this proposal because (1) the cost of wool fibers would be reduced making it more competitive with other fibers, (2) the "loop holes" in tariff schedules on competitive manufactured products would be eliminated thus improving the textile industries opportunities.

Consumers would benefit from lower priced woolen products. Consumer costs should be reduced about \$36.2 million with the same quantity of wool usage as in the past. However, the quantity of wool utilized per person and in total would be expected to increase.

Efficiency - This program would improve efficiency in wool production to some extent. The incentive to produce higher quality wool would come from competitive pressures and through the nature of the incentive payment formula. Marketing preparation practices would undoubtedly be improved to meet competitive practices of foreign producers.

Other Considerations - This alternative would be consistent with out foreign trade policy of freer trade between nations.

PROGRAM III - Increase the Producer Incentive Payment Level. (Legislative or Administrative Action)

The 1965 projected accumulation of \$307.5 million available for producer payments seems excessive to many people, especially when the stated objective of 300,000,000 pounds of shorn wool has never been attained. Furthermore, the competitive position of the sheep industry relative to other production alternatives has declined. The principal objectives of this proposal would be to increase the income of producers and to encourage the production of 300,000,000 million pounds of shorn wool.

The incentive price in 1964 at 110 per cent of parity could be 87.4 cents per pound of shorn wool, 100 per cent would be 79.5 cents, or at 90 per cent of parity the incentive price could be 71.1 cents per pound or 9.1 cents per pound above the 62 cents presently in effect. This presentation will be a 9 cent per pound increase for shorn wool.

Income

Increasing the producer incentive price to 71.0 cents per pound or 90 per cent of parity would mean 9 cents more per pound of shorn wool. With an assumed average of 246.5 million pounds of shorn wool in the next decade as in the last, the incentive payment would increase gross shorn wool payments \$22.2 million. With pulled wool payments accounting for 17 per cent of the total wool payment in the past, the 9 cent would mean total annual payments to producers would increase \$26.7 million. Thus total payments in the next decade would average \$76.3 million compared to \$49.6 million in the last decade.

The 80 cent to \$1 increase in gross receipts per shorn ewe would probably increase wool output slightly. A large increase in wool output would not be expected since lamb receipts as a major share (70 per cent) of total gross receipts from sheep, would tend to decline as output of wool increased.

Costs

Costs to taxpayers would not be expected to change from the past since duties would be continued at present levels. Consumer costs of woolen products might decline slightly. Mill employment or social costs would be expected to continue as in the past--downward.

Acceptability

Most sheep producers would welcome higher gross returns, but some would seriously question increasing the payment level to the 100 or 110 per cent levels mentioned. They recognize increasing the gross and net returns substantially would encourage increased wool output. Increasing wool output is the result of increasing sheep numbers and this in turn increases the production of lamb. Increased lamb output without a corresponding increase in demand for lamb would substantially lower total returns. Prospects for substantially increased demand for lamb is not favorable. The long term increase in total demand according to George Brandow is 0.11 per cent annually.

Judgment would indicate that an 80 cent to \$1 increase in receipts for wool per year per ewe would encourage a very moderate increase in total lamb or wool output. The program would continue to permit producers to make production and management decisions--a favorable factor.

Efficiency

This proposal would not hinder resource use in agriculture. In fact, efficiency in production could be encouraged as increased gross and net returns were invested in technological developments, increased number per flock, and other improvements.

PROGRAM IV - Increase the Checkoff to Encourage Self-Help. (Legislative or Administrative Action)

This proposal calls for increasing the checkoff, if approved in a referendum, from the 1 cent per pound of shorn wool to 2 or 3 cents per pound. The money would be made available to groups in research, education, or promotion or other plans developed to increase the usage of sheep products. This proposal might be realistically and necessarily combined with an increase in the incentive payment. The objective would be to increase the demand for sheep products and ultimately benefit producers.

Supporting the development of an overall sheep industry planning and coordinating body could be desirable. Some representative activities are suggested as follows:

1. Provide top level leadership for all sheep research and possibly using a share of the incentive payments for establishing a research foundation.
2. Develop and adopt a uniform U. S.-wide grading system.

3. Develop a program of financial incentives for quality production.
4. Develop a marketing control system which will aid in balancing supply and demand.
5. Develop new product applications or products.
6. Conduct more research of enterprise operations and practices and help coordinate production planning at the enterprise level.
7. Stimulate extension education toward profit objectives.

Emphasis would be most productive income-wise to farmers through increased demand for lamb rather than wool. However, neither product should be unduly emphasized at the expense of the other. A realistic approach might be to allocate about 70 per cent to lamb and 30 per cent to wool market development programs. Continued emphasis toward improvement of the characteristics of woolen fabrics to compete effectively with man-made fibers seems appropriate.

Income

No one should expect immediate improvement in farm income from this proposal. Producer incomes could be improved slightly from cost reducing technology, long-term increases in the demand for wool, or lamb or both.

Costs

Producers would pay the cost by withholding the checkoff from the incentive payment. The only change in government costs might be from additional administrative costs from handling the checkoff. This would appear to be negligible.

Consumer costs would remain unchanged in the short run. In the long run it would be expected that consumer costs would be lower due to the fruits of research. Mill industry employment probably would not be affected one way or the other since one fiber substitutes for another.

Acceptability

An increase in the checkoff may be opposed by some producers unless offset by an increased incentive payment. Groups or organizations wanting to increase their product usage would favor the proposal. However, these groups would need a concentrated and expanded effort to make efficient use of the funds.

Efficiency

Production efficiency would not be affected in the short run. Research efforts in breeding, feeding, or sanitation for improved lamb and wool production would pay dividends in the long run. This kind of effort seems necessary to keep the sheep industry competitive with other farm alternatives. Efforts in improving the efficiency of processing or merchandising may have some long-term net improvements to the industry through cost reduction.

Table 1. Number of Stock Sheep, Lamb Prices, Wool Production, Imports and Consumption of Wool, U.S., 1942-65

Year	Stock Sheep on Farms	Lamb Prices	Wool Production			Imports for Consumption ^{2/}		Mill Consump- tion ^{2/}
	Jan. 1		Shorn	Pulled	Raw Wool	Wool Manufactures ^{3/}		
				1/ Total				
Million pounds, domestic greasy shorn basis								
1942	49,346	\$11.54	388	107	495	1,039	- 39	1,274
1943	48,196	13.06	379	104	483	903	- 71	1,371
1944	44,270	12.76	338	118	456	784	-143	1,311
1945	39,609	13.16	308	113	421	950	-100	1,339
1946	35,525	15.42	281	98	379	1,075	- 98	1,385
1947	31,805	20.42	251	91	342	589	- 77	1,195
1948	29,486	22.69	232	75	307	560	33	1,103
1949	26,940	22.67	213	57	270	352	61	770
1950	26,182	24.84	217	52	269	568	105	993
1951	27,251	31.18	228	41	269	618	92	869
1952	27,944	24.70	233	54	287	565	168	788
1953	27,593	19.76	232	68	300	377	108	814
1954	27,079	19.26	236	70	306	236	106	613
1955	27,137	18.47	241	67	308	256	145	639
1956	26,890	18.58	242	65	307	235	163	674
1957	26,348	19.90	239	54	293	177	152	548
1958	27,167	20.90	244	49	293	152	160	482
1959	28,108	28.81	260	55	315	230	220	602
1960	28,849	18.11	265	54	319	165	220	548
1961	28,571	15.92	261	55	316	201	212	585
1962	27,065	17.71	249	48	297	280	250	623
1963	25,731	18.23	238	46	284	243	279	558
1964	24,348	19.77	220	50	270			493 ^{4/}
1965	23,341		215 ^{4/}	44 ^{4/}	259 ^{4/}			

^{1/} Converted to domestic greasy shorn equivalent on basis of one pound pulled wool equal to 1.6 pounds greasy wool.

^{2/} Apparel wool converted to domestic greasy shorn equivalent on basis scoured yield equal to 44% of greasy shorn wool through 1959 and 45% thereafter.

^{3/} Raw wool content of apparel wool manufactures, including noils and wastes, imported less exports of such manufactures. During the years 1943 through 1947, the U. S. was on net export basis of wool manufactures due to the heavy exports of fabrics for military purposes.

^{4/} Estimated.

Source: ASCS, U.S. Department of Agriculture, 1964 and Wool Situation, Economic Research Service, U. S. D. A., March, 1965.

Table 2. Estimated World Consumption and Production of Raw Wool, Clean Content, 1951-64

Year	Consumption <u>1/</u>	Production <u>2/</u>
	<u>Mil. lb.</u>	<u>Mil. lb.</u>
1951	2,288	2,357
1952	2,336	2,549
1953	2,648	2,580
1954	2,565	2,625
1955	2,662	2,784
1956	2,866	2,950
1957	2,952	2,889
1958	2,757	3,051
1959	3,172	3,222
1960	3,296	3,231
1961	3,318	3,279
1962	3,308	3,287
1963	3,336	3,346
1964 <u>3/</u>	3,303	3,372

1/ Calendar year.

2/ Marketing year.

3/ Preliminary.

Source: Wool Situation, Economic Research Service,
U. S. D. A., March 1965.

Table 3. Total Mill Consumption of Wool, Scoured Basis and Per Capita Consumption of Wool, Cotton and Man-Made Fibers, United States, 1950-1965

Year	Apparel		Wool Carpet		Total Mill Consumption ^{a/}	Cotton	Man-Made	Total Fiber
	Total	Per Capita	Total	Per Capita				
	(mil. lbs.)	(lbs.)	(mil. lbs.)	(lbs.)		(lbs.)	(lbs.)	(lbs.)
1950	436.9	3.19	197.9	1.37	634.8	29.43	9.51	43.48
1951	382.1	2.74	102.0	.71	484.1	29.25	9.01	41.72
1952	346.8	2.68	119.6	.81	466.4	26.53	8.90	38.93
1953	358.0	2.54	135.9	.91	493.9	26.37	8.98	38.80
1954	269.6	1.95	114.5	.76	384.1	23.93	8.72	35.35
1955	281.2	2.09	132.6	.87	413.8	25.45	11.02	39.43
1956	296.7	2.19	144.1	.94	440.8	25.07	9.78	37.97
1957	241.4	1.80	128.3	.83	369.7	22.65	9.95	35.21
1958	212.0	1.62	119.0	.77	331.0	21.42	9.69	33.50
1959	264.9	2.04	170.1	1.10	435.0	24.14	11.30	38.58
1960	246.4	1.91	164.6	1.07	411.0	23.42	9.89	36.29
1961	263.1	1.95	149.0	.96	412.1	22.03	10.71	35.69
1962	280.2	2.10	148.9	.95	429.1	22.91	12.40	38.36
1963	251.2	1.99	160.4	.96	411.7	21.84	14.24	39.04
1964	233.6	1.22	121.8	.63	355.4			
1965 ^{b/}	250.0	1.20	150.0	.78	400.0			

a/ Consumption of raw wool, scoured basis.

b/ Estimated.

Source: Wool Situation, Economic Research Service, U.S.D.A., March and May 1964 and March 1965.

Table 4. Wool Prices and Payments Under National Wool Act of 1954, as Amended, U. S., 1951-64

Year	Wool Price Received			Wool Payments	
	By Producers			Shorn	Unshorn
	In Free Market	Support Level	Parity Price ^{1/}	Wool	Lambs
	(Cents Per Pound)			Rates ^{2/}	
1951	97.1	50.7	56.3	--	--
1952	54.1	54.2	60.2	--	--
1953	54.9	53.1	53.0	--	--
1954	53.2	53.2	59.1	--	--
1955	42.8	62.0	59.6	44.9%	0.77
1956	44.3	62.0	60.3	40.0%	0.71
1957	53.7	62.0	65.2	15.5%	0.33
1958	36.4	62.0	70.2	70.3%	1.02
1959	43.3	62.0	72.1	43.2%	0.75
1960	42.0	62.0	74.4	47.6%	0.80
1961	42.9	62.0	75.2	44.5%	0.76
1962	47.7	62.0	73.5	30.0%	0.57
1963	48.5	62.0	77.5	27.8%	0.54
1964	53.2	62.0	79.5	16.5%	0.35
1965		62.0			

^{1/} Parity price indicated for marketing year is that published at end of month prior to the beginning of the marketing year.

^{2/} Shorn wool, per cent of net proceeds received by each producer. Unshorn lambs, cents per hundred pounds liveweight.

Source: ASCS, U. S. Department of Agriculture, 1964.

Table 5. Imports of Dutiable and Duty-Free Wool for Consumption into the United States, Clean Content, and Duties Collected, 1955-63

Year	Imports			Per Cent	
	Dutiable	Duty-Free	Total	Dutiable of Total	70% of Duty Collections
	(1,000 lb.)	(1,000 lb.)	(1,000 lb.)		
1953-55	--	--	--		\$103.6
1955	112,764	135,979	248,743	46.2	51.5
1956	103,828	143,053	246,881	44.6	51.6
1957	78,207	120,996	199,203	40.8	47.1
1958	67,081	122,587	189,668	40.0	63.3
1959	100,517	191,642	292,159	34.4	68.1
1960	74,266	153,904	228,170	32.7	72.0
1961	90,318	157,335	247,653	37.1	74.4
1962	125,780	143,460	269,240	48.0	87.8
1963	109,196	167,962	277,158	40.3	60.4
1964 ^{1/}	98,415	113,932	212,347	46.3	

^{1/} Preliminary.

Source: Wool Situation, Economic Research Service, USDA, Mar. 1964 & 65.

Table 6. Payments and Amounts Remaining Available for Payments Under the National Wool Act of 1954, as Amended, with Projections of the Incentive Price for Shorn Wool at 62 Cents Through the 1965 Marketing Year

Period or Marketing Year	Wool			Mohair		Total Payments (mil.)	70% of Duty Col-lections ^{1/} (mil.)	Differ-ences (mil.)	Remaining Available for Payments
	Incentive Price	Producer	Payments (mil.)	Support Price	Producer				
Jan. 1, 1953- Mar. 31, 1955							\$103.6		\$103.6
1955 (Apr.-Mar.)	62.0¢	42.8¢	\$57.6	70.0¢	82.2¢	\$57.6	51.5	-\$ 6.1	97.5
1956 " "	62.0	44.3	51.9	70.0	84.4	51.9	51.6	- 0.3	97.2
1957 " "	62.0	53.7	16.1	70.0	83.7	16.1	47.1	+ 31.0	128.3
1958 " "	62.0	36.4	85.1	70.0	72.3	85.1	56.8	- 28.3	99.9
1959 " "	62.0	43.3	53.9	70.0	96.4	53.9	68.1	+ 14.2	114.1
1960 " "	62.0	42.0	59.5	70.0	89.7	59.5	72.0	+ 12.5	126.7
1961 " "	62.0	42.9	56.7	73.0	85.6	56.9	74.4	+ 17.5	144.2
1962 " "	62.0	47.7	39.2	74.0	71.4	40.0 ^{2/}	87.8	+ 47.8	192.0
1963 (Apr.-Dec.)	62.0	48.5	27.0 ^{3/}	76.0	76.0	27.0	60.4 ^{4/}	+ 33.4	225.3
1964 Cal. Year	62.0	53.2	36.1 ^{3/}	72.0	94.3	36.1	80.5 ^{4/}	+ 44.4	269.7
1965 " "	62.0	45.0	42.7 ^{3/}	72.0	76.0	42.7	80.5 ^{4/}	+ 37.8	307.5

^{1/} 70% of all duties collected on imports of wool and wool manufactures as provided under the National Wool Act of 1954, as amended. Beginning with the 1958 marketing year, totals are derived by allocating one-half of the reported January-June total to each of the marketing years involved.

^{2/} Includes \$797,000 for mohair payment in 1962; no payment in other years.

^{3/} Based on sales of 170 million in 1963 (9 months), 218.2 million in 1964, and 212.5 million in 1965; and for unshorn lambs, 7,500,000 hundredweight in 1963 (9 months), and 10,000,000 hundredweight in 1964, and 9,700,000 hundredweight in 1965.

^{4/} Estimated.

Source: ASCS, U.S. Department of Agriculture, 1964.

Table 7. Amount of Payments, Total Expenditures, and Reimbursements to CCC
Under the National Wool Act by Years, U. S. 1954-65

Fiscal Year	Payments				Admini- stra- tive Ex- penses	Int. on Account Receiv- able	Total Ex- pendi- tures	70% of Duty Collections		Reimburse- ment in Relation to Year's Ex- penditures	Amount Un- reimbursed at end of Fiscal year
	Market- ing Year	Wool	Mo- hair	Total				Total Preceding Calendar Year	Reim- burse- ment to CCCL/		
----- Million Dollars -----											
1954-55	--	--	-	--	.2	-	.2	25.4 ^{5/}	.2	--	--
1955-56	--	--	-	--	2.0	-	2.0	30.1 ^{5/}	2.0	--	--
1956-57	1955 ^{2/}	57.6	-	57.6	2.1	1.6	61.3	29.7 ^{5/}	29.7	- 31.6	31.6
1957-58	1956 ^{2/}	51.9	-	51.9	2.3	2.9	57.2	24.5 ^{5/}	24.5	- 32.7	64.3
1958-59	1957 ^{2/}	16.1	-	16.1	2.7	1.2	20.0	50.1	50.1	+ 30.1	34.2
1959-60	1958 ^{2/}	85.1	-	85.1	2.8	4.7	92.7	67.2	67.2	- 25.5	59.7
1960-61	1959 ^{2/}	53.9	-	53.9	3.0	4.0	60.9	75.3	75.3	+ 14.4	45.3
1961-62	1960 ^{2/}	59.5	-	59.5	2.9	3.0	65.4	69.2	69.2	+ 3.8	41.5
1962-63	1961 ^{2/}	56.9	-	56.9	3.3 ^{6/}	3.0	63.2	90.2	90.2	+ 27.0	14.5
1963-64											
Proj.	1962 ^{2/}	39.2	0.8	40.0							
	1963 ^{3/}	27.0	-	27.0	4.0	1.8	72.8	80.5	80.5	+ 77.7	6.8
1964-65											
Proj.	1964 ^{4/}	36.1	-	36.1	2.2	.9	39.2	80.5	46.0 ^{7/}	+ 6.8	--
1965-66											
Proj. ^{8/}	1965 ^{4/}	42.7	-	42.7	2.2	.4	45.3	80.5	45.3 ^{7/}	--	--

1/ Under Section 705 of National Wool Act, reimbursement is limited to 70% of duties on wool and wool manufactures for the preceding calendar year. 2/ Market year April to March. 3/ Market year April to December.

4/ Market year changed to January to December.

5/ Prior to amendment of the National Wool Act in 1958, the reimbursement was limited to 70% of only the specific portion of the duties. The unreimbursed amounts are carried by CCC as an account receivable.

6/ Includes approximately \$1 million prior year adjustments.

7/ Total expenditures of \$39.2 million plus \$6.8 unreimbursed.

8/ Assumes continuation of support level of 62 cents in 1965.

Source: ASCS, USDA, 1964.

